

ISSUE DATE: August 23, 1995

DOCKET NO. P-999/M-95-357

ORDER SETTING METHOD FOR INTRODUCING NEW AREA CODE IN MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Joel Jacobs
Marshall Johnson
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the 612 Area Code Numbering
Plan Area Exhaust Case

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PROCEDURAL HISTORY

In April, 1995, the Numbering Plan Administrator responsible for the assignment of telephone numbers in the state of Minnesota informed the Minnesota telecommunications industry that an exhaustion of available telephone numbers could occur in Minnesota as early as the third quarter of 1996.

As a result of the alert, open forum meetings addressing this problem were held in Minnesota on April 12, May 5, and May 19, 1995. Participating in the forums were telecommunications service providers from all industry segments, major state regulatory agencies, consumer groups, representatives of business interests, and other interested groups. The meetings were moderated by the Numbering Plan Administration Center of US WEST Communications, Inc. (US WEST), which has overall numbering plan administrative responsibilities for Minnesota.

Despite the efforts of the participating parties, no general consensus was reached regarding a solution to the number exhaustion problem.

On June 20, 1995, the Numbering Plan Administrator filed a report reviewing the alternative solutions presented at the meetings and the views expressed by the various participants. The report was supplemented on July 10, 1995.

On June 23, 1995, the Commission issued a notice of comment period.

Between June 16, 1995, and July 18, 1995, comments on the decision alternatives were filed by: the Association of Minnesota Telephone Utilities (AMTU); Norwest Technical Services (Norwest); Cellular 2000; Lakedale Telephone Company (Lakedale); Minnesota Senior Federation--Metropolitan Region (Minnesota Seniors); Sherburne County Rural Telephone

Company (SCRTC); AT&T; Albany Mutual Telephone Association; City of Albertville; Department of Public Service (the Department); GTE Minnesota (GTE); Hutchinson Telephone Company; MCI Telecommunications Corporation (MCI); MFS Intelenet of Minnesota; the Residential Utilities Division of the Office of the Attorney General (RUD-OAG); Rural Cellular Corporation; US WEST; United Telephone Company/Sprint (Sprint-United); and the Minnesota Business Utility Users Council (MBUUC).

Twelve letters and three telephone calls were received from customers. The great majority favored the geographic split method of numbering plan relief, with the Twin Cities retaining the (612) area code.

The matter came before the Commission for consideration on August 1, 1995.

FINDINGS AND CONCLUSIONS

I. FACTUAL BACKGROUND

There are currently three area codes which serve Minnesota. The (218) area code serves northern Minnesota; the (507) area code serves southern Minnesota; the (612) area code serves central Minnesota, including the Minneapolis/St. Paul local calling area.

Within each area code there are fewer than 800 central office codes (the three-digit prefixes in telephone numbers) available for assignment. As of mid-July, 1995, there were 715 central office codes that were assigned or designated as unassignable in the (612) area code. If the current level of usage continues, the remaining 85 unassigned central office codes will last until the fourth quarter of 1996 or the first quarter of 1997. With the advent of new technologies such as cellular phones, the increase in multiple personal lines, and the likelihood of alternative providers soon competing for local service, the (612) area code will probably face prefix exhaustion around the third quarter of 1996.

In contrast, the (218) and (507) area codes are not likely to reach number exhaustion before approximately 2015.

II. THE ADMINISTRATOR'S REPORT; ALTERNATIVES DISCUSSED

In his recent report, the Numbering Plan Administrator reviewed the four main alternatives for a numbering relief plan: the geographic split; the overlay method; an area code boundary realignment; and a hybrid, which would combine an immediate geographic split with an eventual overlay.

A. The Geographic Split

In all but a few cases, the split has been the method of choice for North American area codes facing number exhaustion. In this method, the area code facing exhaustion is divided in two, with one area retaining the original area code and the other assuming a new area code.

If an area code split were chosen as a solution for the current situation, the Commission would need to decide where the split would take place and which section of the old area code would retain the existing number.

B. The Overlay Method

The overlay method is a fairly new procedure for area code relief. In this system, a new area code is introduced to the same geographic area currently served by the area code facing exhaustion. Nearly all existing customers retain their area codes and telephone numbers. New customers, customers requesting additional lines, and customers changing to a new local service provider are assigned the new area code. As soon as numbers with both the old and the new area code are in use in the same local calling area, ten-digit dialing is necessary for all local calls.

C. The Hybrid Method

The hybrid approach is intended to combine the best elements of the split and overlay methods. Under the hybrid method, the (612) area code would be split under the traditional split system. When the Twin Cities metropolitan area again faces exhaustion in four to six years, the overlay system would be used to introduce a new area code into the metropolitan area.

D. Area Code Boundary Realignment

Under this system, no new area code would be assigned to Minnesota. The (612) area code would be split, with a portion assigned to the existing (218) area code and a portion to the (507) area code.

III. COMMENTS OF THE PARTIES

A. Timing of the Proceeding

US WEST and AT&T stressed the urgency of these proceedings. The (612) area code faces prefix exhaustion in approximately a year. If a solution is not implemented before that time, parties requesting new or additional lines may not be able to obtain service. US WEST noted that it will take approximately six months to switch over to a split system and approximately eight months for the overlay. For the split method at least, a six month permissive dialing period, in which callers may reach parties at their old or reassigned area code, will be necessary.

B. Method of Determination

The Department questioned the sufficiency of cost information for the relief plan alternatives. The Department recommended an expedited proceeding under Minn. Rules, part 7829.1200 if the Commission determines that further cost information is necessary. If the Commission determines that the cost information is sufficient, the Department recommended that the Commission choose the split method of numbering plan relief.

At the August 1 hearing, the RUD-OAG stated that there was sufficient cost information in the record for the Commission to reach an informed decision.

The AMTU and two of its member telephone companies, SCRTC and Lakedale, recommended expedited proceedings or, in the alternative, a finding that the overlay method is superior. The AMTU asserted that there is insufficient record information on public reaction to the alternatives, relative costs, and the entity which will bear the eventual cost. The AMTU recommended that the Commission go beyond expedited proceedings and require cross examination of the cost issues and state-wide public hearings.

The remainder of the interested parties appeared to assume that the record on relative costs is sufficient for the Commission to reach a determination on the proper form of numbering plan relief.

C. Alternative Methods of Relief

1. Area Code Boundary Realignment

There was no support among commenting parties for the area code boundary realignment method. As the Plan Administrator noted in his report, this method would shorten the life of existing area codes and cause the confusion and expense of prefix duplications. The chief advantage of this plan, the fact that a new area code would not be necessary, would actually be of little benefit because the shortage of new area codes has already been solved by the national numbering plan administration.

2. The Hybrid Method

Most parties opposed the hybrid method because it would require the Commission to make a decision on phase two of the renumbering plan four to six years before the decision would be necessary. Parties emphasized that it was unnecessary and unwise for the Commission to make a decision on the second phase at this time, before the effects of the first phase are known. The telecommunications industry is simply changing too rapidly to make such a future commitment appropriate.

At the August 1 hearing, US WEST, the chief proponent of the hybrid method in the comment period, indicated that it now agreed with the rest of the parties that this system should not be chosen.

The viable options remaining were the split method and the overlay method.

3. The Split Method

Parties supporting the split method included the Department, the RUD-OAG, AT&T, GTE, US WEST, MBUUC, MCI, MFS Intelenet of Minnesota, Minnesota Seniors, Norwest, and Sprint-United. All those in favor of the split agreed that “the line” should be drawn between Minneapolis/St. Paul and the rest of the (612) area, and that the Twin Cities metropolitan area should retain the (612) area code.

Parties advocating the split method cited the following advantages: it would not work against competition and would be neutral to old and new competitors; it would preserve seven-digit dialing; it would be the least disruptive to most customers; it was a traditional, proven relief method; customer surveys in other states had supported this method; and it would preserve the geographic distinction of the area code.

Parties who opposed the split method cited the following disadvantages: a new area code for the non-metro area would cause costs for business customers, including new stationery, business cards, and advertising; wireless telephone customers would have to bring in their handsets for reprogramming; changes would be required for customer records, and support and billing systems; the relief would last approximately four to six years versus approximately nine years for the overlay system; some telephone companies would experience higher costs of implementation.

4. The Overlay Method

The overlay method was supported by the Albany Mutual Telephone Company, the City of Albertville, AMTU and two of its member telephone companies, Lakedale and SCRTC, Cellular 2000, Hutchinson Telephone Company, and the Rural Cellular Corporation.

Supporters cited the following advantages of the overlay method over the split system: no current telephone customer would be forced to change telephone numbers; the method does not discriminate geographically, a fact which is consistent with a trend against boundaries; the period of relief would be approximately nine years versus approximately four to six years for the split; relief can be repeated in the future with further overlays; some companies believed the overlay system would cost less to implement.

Parties who opposed the overlay system listed the following disadvantages to this method: overlay would require 10-digit dialing of local calls for all customers; new telephone directories and directory formats would be required; overlay is more confusing to customers; it would be anti-competitive among different businesses in the same area and among alternative local telephone providers; the area code system would lose its geographic distinction; overlay would impose support and billing system costs, because these systems can currently serve only one provider; directory assistance and 911 problems would occur.

IV. COMMISSION ACTION

A. Introduction and Summary of Commission Decisions

The parties to this proceeding agree that there is an impending telephone numbering crisis. This fact brings a sense of urgency to the proceedings as the Commission faces policy decisions with wide-ranging impact on Minnesota telephone customers.

Commenting parties are also aware that there is no perfect or easy solution to the advancing number exhaustion problem. Every possible relief alternative brings with it some inconvenience and expense for customers and telephone companies alike.

With this in mind the Commission first decides in this Order a threshold question: is this the proper forum for the Commission's ultimate decision on area code renumbering? Having examined the record, all party comments, and informational materials, and having considered oral arguments, the Commission finds that the record is sufficient for a determination of these important policy issues. No material facts remain in dispute which would necessitate further contested case proceedings.

The Commission next turns to the policy framework under which it must reach the decisions necessary to resolve the numbering crisis.

Finally, with this policy framework in mind, the Commission discusses in this Order its reasons for choosing the split method of numbering relief, the implementation of the split and assignment of the (612) area code, and the disposition of the five exchanges which belong to the (612) area code but lie outside the metro calling area.

B. The Decision-Making Process; Sufficiency of the Record

The Commission agrees with the majority of commenting parties that the proceeding is ripe for a final Commission determination.

Under Minn. Stat. § 237.06, which requires telephone companies to provide reasonable rates and service, and Minn. Stat. § 237.081, which authorizes the Commission to conduct investigations of inadequate telephone service, the Commission clearly has the authority to reach a policy determination on these issues. A comprehensive, state-wide renumbering policy must be set, and the Commission is the body charged with the duty and vested with the authority to determine that policy. While the Commission has made every effort to reach out for industry and citizen comment, and has carefully noted the comments in its decision process, the ultimate decision must rest with the Commission.

A minority of commenting parties questioned if cost estimates constitute a material fact in dispute which would necessitate expedited or full contested case proceedings. The Commission finds that the cost estimates do not constitute such a material fact in dispute.

Parties have filed various cost estimates which total approximately \$13 million for implementation of the split method and approximately \$21 million for implementation of the

overlay method. Although general questions were raised about the estimates provided, no party contested the validity of another party's numbers. Further, while these numbers are only estimates, they are sufficient for the Commission to find that no telephone company should be unduly burdened by implementing either method. Given the fact that there are approximately 2.4 million access lines in Minnesota, the Commission finds that the costs of either method are clearly reasonable.

Finally, the cost figures provided are only one factor to be weighed in the Commission's decision-making process.

The Commission does not find that state-wide hearings or a round of cross-examination, as suggested by Lakedale and SCRTC, should be introduced into these proceedings. Neither process is provided for by statute and neither is compatible with the time frame necessary for resolving the renumbering crisis. Most important, neither process would assist the Commission in its duty of setting policy in these proceedings.

The Commission finds that no material fact is in dispute, and that the Commission can and must reach an informed policy determination in these proceedings.

C. The Policy Framework for the Commission's Decision Process

The Commission's authority to address the numbering crisis is drawn from its duty to ensure that "...every telephone company...furnish[es] reasonably adequate service and facilities for the accommodation of the public..." Minn. Stat. § 237.06. Under Minn. Stat. § 237.081, the Commission has the authority to require telephone service which is nondiscriminatory and of sufficient quality, and which is reasonable in its effect on the consumer.

The Commission has also been directed by the Minnesota legislature to facilitate a regulatory environment which will allow "fair and reasonable competition for local exchange telephone services." 1995 Minn. Laws, Ch. 156. The Commission is thus charged with the duty to form policy determinations which do not adversely impact competitive entry.

As it balances the duty to protect telephone customers with the responsibility to facilitate local competition, the Commission must also keep in mind the effects of swiftly changing telecommunications technology. The Commission must provide the greatest possible certainty to stakeholders, while preserving the flexibility necessary to meet the challenges of the changing telecommunications environment.

Further policy guidelines for the Commission as it decides upon a numbering relief plan include the years of relief granted, impact on future relief efforts, and relative costs.

D. The Commission's Decision on Numbering Plan Relief

After carefully reading the record and listening to oral arguments, the Commission agrees with all the parties that the only viable renumbering options are the split and overlay methods.

1. The Commission's Choice of the Split Method

Having examined the record and applied its statutory policy framework, the Commission finds that the geographic split method is the clear choice over the overlay system for the renumbering plan.

The split method is less confusing and more customer-friendly than the overlay. One new area code is created for a certain area, allowing both the new and existing area codes to be geographically distinct. This method is simple, straightforward, and has been clearly favored by polled consumers in other states.

The split method allows consumers to retain seven-digit dialing for as long a period as possible. Surveys have shown that this factor is of major importance to telephone customers. Although 10-digit dialing may be necessary in the future, the Commission should not lose this opportunity to retain an easier system at a time when other telecommunications changes are rapid and sometimes confusing.

The split method has the advantage of being the traditional method for resolving number exhaustion crises. Both GTE and US WEST, which serve many of the customers in the affected areas, can draw on a full body of experience in splitting existing area codes.

In contrast to the split method, the overlay system is initially confusing to consumers *and likely to remain so*. For example, overlay will result in different apartments in the same building, and different lines in the same residence, carrying a different area code. While under the split method certain customers will have to adjust to a new area code (and in a relatively small number of cases, new telephone numbers), the adjustment will be one-time and may be largely alleviated by customer education, a permissive dialing period, and recorded renumbering information for incoming calls. The overlay system, on the other hand, results in increasing duplication of area codes in the same area, with the possibility of future overlays if congestion continues. The picture is one of escalating confusion rather than of a temporary adjustment followed by a clear calling pattern.

The Commission finds that the split method is less of a disadvantage to competition in the affected area than the overlay. The split method will not cause new businesses to be marked with a "less desirable" area code than their older, more established competitors. The split method will also not cause consumer reluctance to change to a new local telephone service provider, because the switch will not result in a confusing change in area codes.

The split method avoids the illogical, undesirable competitive scenarios which are part of the overlay system. Under the overlay method, different offices in the same business enterprise

could have different area codes. Outside callers seeking a business location would not know under what area code the location would be found. The split method avoids these pitfalls, leaving the renumbering plan as competitively neutral as possible--a Commission goal.

The Commission is aware that the relief period for the split method is projected at four to six years, while the overlay relief period is projected at approximately nine years. While the estimated life of the overlay method is longer, no one is certain what technological changes, such as the number portability system, may alter the picture for any renumbering plan. The Commission must balance the estimated longer life of the overlay method against the certainty of greater confusion which it brings--confusion which is not likely to be cured by time.

Two other policy guidelines, relative impact on future relief methods and relative costs, do not clearly favor either renumbering method.

The Commission is aware of drawbacks to the split method, including the necessity of wireless handset reprogramming, costs to businesses in the new area code, and billing and support changes. While costs and drawbacks exist with every renumbering plan alternative, the Commission finds that in this case the disadvantages are outweighed by the benefits of the geographic split system.

In sum, having reviewed the facts and applied its policy guidelines, the Commission finds that the split method is the best possible means of resolving the numbering crisis.

2. Implementation of the Split Method

Having chosen the split method, the Commission agrees with all commenting parties who favor this method that the split should be effected between the Twin Cities metropolitan area and the remainder of the (612) area code, with the Twin Cities area retaining the (612) number. This method allows areas to the west of the Twin Cities to be assigned a new area code which covers a specific geographic area and which will not face exhaustion any time in the near future. These areas may *never* face an exhaustion crisis, as it is quite possible that telephone number portability (which in effect creates individual "area codes") may precede prefix exhaustion in the non-metro area. The Commission feels that this advantage for the non-metro area more than balances the disadvantage of coping with a new area code number.

Assigning the (612) number to the Twin Cities metro area, which carries about 87% of access lines in the (612) area code, will allow fewer customers to be inconvenienced by a new area code. This assignment will also concentrate any future relief measures, whether further splits, overlay, or any other method, in the (612) Twin Cities area, which is clearly the site of dramatic usage growth.

E. The Five Southeastern Exchanges in the Current (612) Area Code

1. Placement of the Five Exchanges

The present (612) area code extends across central Minnesota, including the Twin Cities metropolitan local calling area. Also included in the (612) area code are five exchanges to the southeast of the Twin Cities local calling area. These exchanges are Red Wing and Wabasha, which are served by US WEST, Lake City, which is served by United, and Goodhue and White Rock, which are served by Sleepy Eye Telephone Company. Although the five exchanges are contiguous to the Twin Cities local calling area, they are not included within it. The exchanges are not contiguous to the remainder of the (612) non-metro area, which lies to the west of the Twin Cities.

Although all parties who favored the geographic split recommended that the split take place between the Twin Cities metro area and the non-metro area, there was disagreement about the treatment of the five southeastern exchanges. The Department and the MBUUC recommended that the Commission move the five exchanges into the (507) area code, which lies immediately to the south of the exchanges. Sprint-United and US WEST opposed this plan, favoring the inclusion of the southeastern exchanges in the (612) area code.

Having examined the parties' comments and the record carefully, the Commission finds that the five southeastern exchanges should be included in the (507) area code.

While it would be possible for the five southeastern exchanges to remain in the restructured (612) area code, these exchanges are unique and should be treated in an individualized manner. If the exchanges are examined in this light, logic compels their inclusion in the (507) area code.

The two major reasons for splitting the (612) area code at the metro area and assigning the (612) number to the Twin Cities do not apply to the five southeastern exchanges. Neither geographic distinction nor a characteristic of rapid usage growth calls for inclusion of the five exchanges in the (612) area code.

The Twin Cities local calling area is an odd-shaped geographic area, composed of some centralized, urban exchanges and some far flung, essentially rural exchanges. The defining characteristic of this area is the ability to call toll-free among the exchanges. The five southeastern exchanges, while contiguous to the Twin Cities local calling area, do not share its defining feature, toll-free calling. Thus, the characteristic of geographic distinction, a major advantage of the split method, does not apply to the five southeastern exchanges. Their position in the southeast corner of the present (612) area code is a matter of happenstance, not of close community with the Twin Cities local calling area.¹ It would actually be *more* confusing to

¹ Customers in Red Wing, the southeastern exchange closest to the Twin Cities metropolitan area, recently voted down extended area service to the Twin Cities by a margin of 63.8% to 36.2%. In the Matter of a Petition for Extended Area Service from Red Wing to the

include the five southeastern exchanges in the otherwise toll-free (612) area code. The five exchanges are more logically included in the (507) area code, with which most of the five exchanges share at least partial toll-free calling and a community of interest.

Neither does the other major reason for splitting the (612) area code at the metro area and assigning the (612) number to the Twin Cities apply to the five southeastern exchanges. These exchanges are not part of the exploding growth of telephone usage in the Twin Cities. The advantage of retaining the (612) number for the Twin Cities local calling area, so that future relief efforts can be concentrated there, does not extend to the five exchanges. These exchanges, which exhibit the slower growth of most non-metro exchanges, are better off with a semi-permanent placement in the high-capacity (507) area code.

It is somewhat tempting to allow these exchanges to remain in the (612) area code in the hope that number portability will materialize and prevent future numbering disruption for them. The Commission, however, has a unique opportunity at this juncture to fashion a long-term solution for these exchanges, assuring them placement in a numbering system which is appropriate for their needs and which features long-term seven-digit dialing for local calls.

Finally, the Commission notes that placement of the five southeastern exchanges into the (507) area code will free up approximately 70,000 telephone numbers for use in the (612) area code. This is a logical part of a state-wide solution to the renumbering crisis.

2. Number Intercept

Some prefixes in the Red Wing and Lake City exchanges will be duplicated in the (507) area code and will thus require a change at the time of the transfer. This inconvenience can be alleviated in several ways. First, the Commission recommends that the affected telephone companies, where possible, assign new prefixes which are similar to the old, thereby necessitating only one change in number between prefixes. For example, a Red Wing customer with a current 10-digit telephone number of (612) 388-5198 could have a new number of (507) 488-5198.

Second, under the split method, *all* customers who receive new area codes will be allowed six months of permissive dialing. During this period, callers dialing either the old or new number will reach the customer.

Third, the Commission will require US WEST and United, which serve Red Wing and Lake City, to provide free intercept service for Lake City and Red Wing customers who have prefixes

Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-421,430,407,405,426,520/CP-93-1049, ORDER CERTIFYING POLLING RESULTS, DENYING PETITION AND CLOSING DOCKET (May 15, 1995).

which are duplicated in the (507) area code. This recorded service will inform callers of the new telephone numbers assigned to the customers. Free intercept service should be offered from the end of the permissive dialing period for a total period of one year from the time of the transfer of the exchanges into the (507) area code.

ORDER

1. US WEST, as the North American Numbering Plan Administrator in Minnesota, shall request a new area code for Minnesota from Bellcore. US WEST shall use the geographic split method to introduce the new area code, with the Minneapolis/St. Paul local calling area retaining the (612) number, and all other (612) exchanges, with the exception of Goodhue, Lake City, Red Wing, Wabasha, and White Rock, transferred to the new area code.
2. Within 60 days of this Order, the Numbering Plan Administrator and the local exchange companies serving the (612) area code shall submit to the Commission a proposed time line (including the start and end date of the permissive dialing period) and proposed customer education methods for implementing the new area code through the geographic split method.
3. The Goodhue, Lake City, Red Wing, Wabasha, and White Rock exchanges shall be transferred into the (507) area code. Within 90 days of this Order, the Numbering Plan Administrator, US WEST, and United shall provide the Commission with information on the new prefixes selected for the Red Wing and Lake City exchanges, proposed customer education methods, and a proposed time line for the area code boundary realignment.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

DISSENTING OPINION

Chair Storm and Commissioner Burton, dissenting.

I. Introduction

The Commission has selected the geographic split method over other approaches as the best solution to the impending exhaustion of assignable telephone prefixes in the 612 area code. We concur in this decision for the reasons stated in the majority's opinion. We respectfully dissent, however, from the majority's decision to reassign the five named Southeast Exchanges² to the 507 area code.

The reassignment will cause major hardship for the customers of these exchanges, forcing most of them to change their area code and telephone numbers with no discernable public benefit. The Commission, as a public agency, has a duty not to make decisions that impose substantial public burdens unless those decisions are necessary to achieve some higher public good.

The majority has failed to meet this basic test. Reassigning these five exchanges cannot be considered a necessity since it provides no significant relief to the number exhaust problem that gave rise to this proceeding. The majority offers hollow reasons to support a decision it did not need to make in the first place.

II. The Reassignment From 612 to 507 Does Not Provide Significant Relief

This much is clear. Minnesota's 612 area code needs relief within the next year and that relief must carry through for the next four to six years until competitive and technological developments point the way to a more permanent and satisfying solution. Reassigning 612 subscribers in over 150 exchanges west and north of the Twin Cities metropolitan calling area to a new area code provides this necessary, near-term relief with the least possible disruption. Reassigning the five Southeast Exchanges to the existing 507 code makes no significant contribution to this end.

² These consist of Red Wing, White Rock, Goodhue, Wabasha and Lake City. Hereinafter they will be referred to collectively as the Southeast Exchanges.

At most, the reassignment may delay number exhaustion in the 612 area for an additional two months on top of the four to six years of relief provided by the new area code.³ This does not justify the disruptions and burdens imposed on the citizens in these five exchanges. US West recognized this in recommending against the transfer. As the Company noted, the transfer will provide no significant relief and the little it provides will not arrive until after the projected number exhaust has occurred.

At no time has the majority cited evidence of the need to reassign these customers now. The Commission has acted prematurely and ordered a remedy that bears little if any relationship to the problem at hand. The decision will cause hardship to customers without any demonstrable need or benefit.

III. The Reassignment Will Impose Substantial Burdens on Customers

The reassignment will not only require all the customers in these five exchanges to change their area codes; it will cause prefix duplication that will require most of these customers, approximately 10,000, to change their seven digit telephone numbers. Consequently, this reassignment will cause significantly more customer disruption and harm than the Commission's decision reassigning customers west and north of the Twin Cities to a new area code where their seven digit numbers can remain unaltered. The combined impact of changing area codes and seven digit numbers will needlessly complicate the lives of these individuals.

Residential customers will need to provide their new numbers to a long list of family, friends and essential contacts, including dentists, medical clinics, schools, employers, day care providers, and financial institutions. Children and vulnerable adults who depend on regular telephone contact with particular individuals and institutions will be forced to learn new seven digit numbers -- their own as well as the numbers of others.

Business customers will be forced to revise advertising and stationery, which could impose substantial costs. The costs and competitive disadvantages associated with a change in area code and telephone number could threaten the economic viability of smaller companies in highly competitive industries.

The change in seven digit numbers caused by reassigning customers to existing area codes was, in fact, a principal reason for abandoning the realignment of existing codes as a serious contender among competing solutions to the number exhaust problem. Yet, the majority has resurrected

³ The additional savings will probably be significantly less than two months since this projection is based on the current growth rate for number assignment in the 612 area code. Competition and other factors will likely accelerate this growth rate.

this alternative as an adjunct to its core decision for reasons that cannot withstand serious scrutiny.

IV. The Majority Does Not Offer a Credible Basis for Reassigning These Exchanges to the 507 Code

A. Toll Pricing and Community of Interests

The majority suggests the transfer is necessary to make the 612 area code coextensive with toll-free dialing in the Twin Cities local calling area. The Southeast Exchanges in question, says the majority, lie outside this local calling area and should, therefore, be assigned to the 507 area code.

This reasoning confuses the two completely separate issues of local calling area and area code. Local calling areas determine how calls are priced. Calls between local calling areas carry a toll charge; calls within a local calling area do not. Area codes have no bearing on this. Area codes simply route calls to the appropriate state, allowing subscribers to access other subscribers throughout the country. These codes are assigned nation-wide without regard to local calling area boundaries.

The majority's decision to link the metropolitan calling area with the 612 area code will not yield any tangible benefits to subscribers anywhere in the state, since it will not alter the cost or manner of calling into or out of the reassigned Southeast Exchanges. In spite of the reassignment, calls which currently carry a toll will continue to do so. Calling will not be made easier or more understandable. The linkage adopted by the majority will only create confusion and disruption as customers attempt to adjust to the resulting changes in telephone numbers.

The majority also attempts to find support for the reassignment in community of interest considerations, concluding that these Southeast Exchanges have greater community ties to the 507 area. The record gives little guidance on where community of interests lie with respect to these five exchanges. More importantly, however, community of interest considerations have no place in the analysis on this issue.

Community of interests relates to Extended Area Service (EAS) proceedings. Those proceedings focus on identifying community ties which justify changes in local calling area boundaries and the replacement of toll rates with local pricing. Again, neither history nor logic link local calling boundaries and area codes. In fact, EAS calls can and often do cross area code boundaries.

B. Protection from Possible Future Changes

The majority suggests that transferring these five exchanges out of the 612 area now will spare them additional numbering or dialing changes in four to six years when the 612 area may again

face a shortage of prefixes. This reasoning rests on the assumption that a disruptive change today is better than the possibility of a disruptive change in the future.

We disagree. The Commission has a responsibility not to make a change of this nature unless absolutely necessary. The majority's speculative concerns fail to establish a need for this reassignment with all its attendant customer disruption.

The simple truth is that no one can say with any certainty that the numbers of these customers will change if they are left in the 612 area code. In fact, if these customers stay with the 612 area code it is highly unlikely they will ever see their telephone numbers change.

Technological advances such as number portability may postpone the need for further number relief of any kind in the 612 area for longer than the currently projected four to six year period. If the Commission implements another geographic split, it may divide the 612 area in a way that allows these southeast customers to retain their current area code. Even if a future split changes their area code, their seven digit numbers will remain the same since a new area code will be assigned, eliminating the prefix duplication problem present here. The most likely form of future relief, the overlay method, will require no change at all to the area code or numbers of existing customers.

Certainly, few if any customers in these exchanges would choose to change their numbers under these circumstances. Yet, the majority has made no effort to identify and accommodate the wishes of these customers. Instead, the majority has imposed its own choice on speculative grounds. This conflicts with the modern regulatory paradigm, long embraced by the Commission, in which consumer choice occupies a central role in agency decision-making. The next proceeding on this topic would provide ample opportunity to address the majority's concerns about the impact future developments may have on customers. It would also provide a better-developed record on the needs and preferences of subscribers in the Southeast Exchanges. This issue is simply too important to be decided as a sub-issue in this case.

C. Mitigation Measures

The majority attempts to soften the impact of its decision on customers by ordering the affected telephone companies to (1) assign new prefixes that are similar to the old ones where possible; (2) provide six months of permissive dialing during which dialing the old number will automatically access the new number; and (3) give one year of free intercept service, which gives calling parties the new numbers of those they call.

Under other circumstances these mitigation measures might be laudable. However, here they represent nothing more than an attempt to put the best possible face on a bad decision. The majority offers these measures to remedy a problem that it has created.

These mandates impose their own costs. First, the permissive dialing and intercept services will impose significant implementation costs and burdens on the companies to which they apply,

costs which will invariably be passed on to consumers. Second, the permissive dialing and intercept periods running consecutively will delay the availability of new prefixes until well after the crisis this proceeding is intended to prevent.

Finally, the directive to provide free intercept services to certain customers affected by this decision will create a serious inequity between these 10,000 customers and the thousands of others who must pay for the same service. This raises issues of fairness and discriminatory pricing that were dismissed too quickly by the majority in its haste to make this decision.

V. Conclusion

The Commission was faced here with the unhappy task of fashioning relief at the eleventh hour to prevent the exhaustion of prefixes assigned to the 612 area code. The Commission's decision to reassign exchanges west and north of the Twin Cities metropolitan calling area to the new area code serves this purpose; the transfer of the Southeast Exchanges to the 507 area does not.

The reassignment provides little more than one month of additional relief and does so only after the critical exhaust period has passed. It imposes substantial burdens on customers and on the companies required to implement hastily conceived mitigation measures. The decision is neither free from discrimination nor "reasonable in its effect on the consumer," two principal aims of the statute identified by the majority as authority for the Commission's decision.

In the end, the majority is left with a decision that serves no end other than the desire to make the boundaries of the Twin Cities calling area identical to the boundaries of the 612 area code. Tidy geographic borders have superficial appeal, but decisions of this magnitude should have more substance behind them; they should address real needs and yield real benefits. In this case, residential and business customers will face major disruptions in their daily lives because of a Commission decision that is entirely unnecessary.

Don Storm, Chairman

Tom Burton, Commissioner